Connecticut Low Wage Employer Advisory Board
Report and Recommendation
December 1, 2016

“[M]ost people living in poverty in Connecticut are just like me – hard-working moms just trying to get by and raise our kids. We shouldn’t have to work so hard but be paid so little that even the idea of being able to afford our groceries and our own apartment is just a far-fetched dream.”

- Melody Robitaille, minimum wage worker (Testimony given at Connecticut Low Wage Employer Advisory Board public hearing, March 22, 2016)

Background

The Connecticut Low Wage Employer Advisory Board (“the Board”) was created pursuant to Public Act 15-5, Section 485, and charged with advising the Labor Commissioner, the Departments of Social Services and Developmental Services, and the Office of Early Childhood on matters related to:

(1) The causes and effects of businesses paying low wages to residents of the state;
(2) Public assistance usage among working residents of the state;
(3) Minimum wage rates necessary to ensure working residents of the state may achieve an economically stable standard of living;
(4) Improvement of the quality of public assistance programs affecting such residents;
(5) Wages and working conditions for the workforce delivering services to low-wage working families; and
(6) Reliance of businesses on state-funded public assistance programs.

Each year by December 1st, the Board is required to submit a report with its findings and recommendations, including legislative and agency proposals and actions regarding the above matters, to the joint standing committees of the General Assembly having cognizance of matters relating to labor, human services and education, as well as to the Labor Commissioner, Commissioner of Social Services and Director of the Office of Early Childhood. In creating the Board, the legislature anticipated that it would take several years for it to consider and address the broad range of issues enumerated in P.A. 15-5, Section 485, given that the initial term of each Board member is four years and that each subsequent term is three years.

The Board convened for the first time on January 26, 2016. Between January and mid-April 2016, the Board heard testimony from policy experts and researchers in its formal meetings and from more than 50 members of the public in two public hearings. The majority of information, research, and personal testimony heard and considered by the Board in those first few months addressed families’ experiences living on low wages, the cost of living, the historical and current levels of the minimum wage, the decline in real (that is, adjusted for inflation) wage growth, and the rise in income inequality. During the hearings, members of the public repeatedly and specifically asked the Board to recommend increasing the minimum wage to $15. In response to these requests, the Board decided by majority vote in its meeting of April 21, 2016, to focus for
the next several months and in its initial December 2016 report, on the question of raising the minimum wage. The Board reached this decision in response to the requests from the members of the public and because limitations of time and resources clearly would not allow the Board to investigate, consider and develop recommendations on the full range of issues within its purview by the first annual report deadline of December 1, 2016. In making this decision, the Board made clear that it intends to consider and address other issues, such as those described below, in future reports.

Summary of the Board’s Recommendation

The Board recommends that the Connecticut minimum wage be increased to $15 per hour, phased in gradually and reaching $15 on January 1, 2022, with subsequent annual indexing per some measure of inflation. In reaching this recommendation, the Board considered a wide range of personal testimony, academic research and studies, data, and other material. The Board attempted to ensure that the perspectives, academic studies, personal experiences, and data considered included those of both supporters and opponents of raising the minimum wage to $15. A majority of the Board – _out of 13 _members – voted in favor of this Report and Recommendation on November 9, 2016.

The Board’s recommendation is based on the following conclusions and principles, which are explained further in the body of this report:

- A “basic economic security” income, “self-sufficiency” income, or “living wage” in Connecticut – an income adequate to support a worker’s basic needs at a modest standard of living – requires a minimum wage higher than $15 per hour.
- The current projected raise in the minimum wage to $10.10 in 2017, while a positive step, is insufficient to allow Connecticut’s low-wage workers to live with even minimal security or dignity.
- The weight of the credible economic research has found that raising the minimum wage – and raising the minimum wage to $15 specifically – will have a positive effect on the economy broadly. It has benefits across the economic spectrum and in many different categories – not only for workers and their families but also for businesses, taxpayers, and government.
- The basic purpose of the Connecticut minimum wage law is “to require the payment of fair and just wages.”
- From a moral perspective, those in our society who work full-time should not live in poverty.

History and Purpose of the Connecticut Minimum Wage

The Connecticut legislature passed minimum wage legislation for the first time in 1933, establishing a system of industry-specific wage boards to work with the Commissioner of the Department of Labor to set minimum wages in those industries. While the wage board system succeeded in setting minimum wages in some industries, in 1951 the legislature recognized that broader cross-industry minimum standards were necessary and passed the state’s minimum wage legislation. This law was modeled on the federal Fair Labor Standards Act, passed in 1938,
establishing a cross-industry floor for wages. As President Franklin Delano Roosevelt said in his statement to Congress, “Our nation so richly endowed with natural resources and with a capable industrious population should be able to devise ways and means of insuring to all our able-bodied working men and women a fair day’s pay for a fair day’s work.” Similarly, as the Connecticut Supreme Court has described, the “primary purpose of the [Connecticut] minimum wage law is to require the payment of fair and just wages.”

For many years, the Connecticut minimum wage either closely tracked or was by law pegged to the federal minimum wage. However, after reaching its height in 1968, the federal minimum wage began to decline in inflation-adjusted terms. As the cost of living adjusted for inflation grew faster, states raised their own minimum wage floors to address this shortcoming. In the late 1980s, the Connecticut legislature recognized the state’s differing needs with respect to the federal minimum wage and the inadequacy of relying on it to help working families subsist. As a result, the Connecticut legislature began raising the state’s minimum wage – at first cautiously and then, starting in the late 1990s, more significantly. From 1998 to 2014, the Connecticut legislature increased the minimum wage repeatedly, pulling away from the federal minimum wage, which was last updated by Congress in 2007 and reached its current level of $7.25 in July 2009. The current Connecticut minimum wage is $9.60, with another increase scheduled under current law to $10.10 on January 1, 2017.

The legislature’s recognition of the differing needs of Connecticut’s residents and of the insufficiency of the federal minimum wage for Connecticut working families has been positive and important for the state. Yet, as described below, the minimum wage rate provided under the state’s current minimum wage law fails to ensure that those who work full-time in Connecticut are economically secure and able to meet at least their basic living needs. In the opinion of the Board, the current Connecticut minimum wage is well below that needed for basic economic security, and a majority feels that it should be raised gradually to $15 over the next several years. The Board recognizes that the minimum wage is one of several policies that can help working families achieve stability.

**Experiences of Low-Wage Work in Connecticut**

Between March and July 2016, the Board held three public hearings during evening hours to give members of the public the opportunity to share their experiences with respect to low-wage work in Connecticut. The first hearing was held in New Haven on March 22, 2016, the second in Hartford on April 14, 2016, and the third in Bridgeport on July 20, 2016. During these three hearings, attended by approximately 300 members of the public in total, the Board heard personal testimony from more than 80 individuals.

Nearly all of those who testified were low-wage workers earning wages less than $15 per hour. These workers included child care providers, fast food workers, agricultural workers, home care workers providing care for disabled and elderly individuals, security guards, industrial laundry workers, and others. A small number of others also testified during the three public hearings. At the New Haven hearing, a union representative and a staff member of a non-profit organization representing low-wage workers testified, and at the Hartford hearing a union representative and a parenting educator who works with home day care providers testified. At the Bridgeport hearing,
two state senators, a policy analyst from the nonprofit organization Connecticut Voices for Children, a business owner, and a home health agency executive testified. Of the more than 80 individuals who testified at the public hearings, only two – the business owner and the home health agency executive – did not support raising the minimum wage to $15.

The workers who testified repeatedly and consistently described their incomes as too low for them to make ends meet. Many explained that they work two or more jobs yet still struggle to pay their rent and other bills, to feed their families, and to obtain needed education and training. Many parents described the effects of their low wages on their children, including going hungry to being evicted from their homes to being unable to purchase required school uniforms. In many cases, workers explained that, despite working full-time, their incomes are so low that they are eligible for, and rely on, public assistance programs such as Husky health insurance, food stamps, and child care subsidies. Many of the workers in care-oriented jobs described loving their work, and gaining personal satisfaction by helping to meet the needs of others, but being unable to meet their own families’ needs.

As examples, the testifiers included:

- A mother who described how, due to working two full-time jobs to get by, she sees her 10-year-old son only once a week.
- A certified nurse’s aide who has 20 years’ experience, two children and works seven days per week but still must rely on state-subsidized Husky health insurance.
- A home care provider who works two jobs at $12 and $13.50 per hour is looking for a third. Despite her already long hours of work (plus a two-hour commute by bus) and receipt of food stamps and Husky health insurance, she was recently unable to pay her rent, causing her to be evicted and to move into a homeless shelter with her 14-year-old daughter.
- A fast food worker with six children who receives multiple forms of public assistance and had to give up her apartment because she couldn’t pay the rent, and who now lives with her children in her parents’ two-bedroom apartment.
- A child care provider with a college degree and 25 years’ experience, who loves working with kids but has not had a raise in over a decade; for some time, she had to go without medication for her high blood pressure because she had to make a choice between paying rent and buying the medication.
- A University of Connecticut student who works multiple part-time jobs to help support her immigrant parents and to pay her college tuition but is uncertain whether she will be able to make her tuition payments and continue her education.

Those who testified summarized their circumstances with statements like, “This is not working out,” “People who work as hard as I do to care for others should be able to care for ourselves,” “It shouldn’t be this hard.”

Although only two individuals attended the public hearings to present testimony in opposition to raising the minimum wage to $15, the Board also heard and considered extensive materials and opinions expressing this view. The meeting of June 14, 2016, was almost entirely dedicated to expert and personal testimony in opposition to raising the minimum wage to $15 (see Appendix
B). In addition, the three dissenting members expressed their views extensively in the Board’s deliberations and discussions, including through a formal presentation by one dissenting member on August 10, 2016, as well as through circulated written materials.

**Making Ends Meet in Connecticut: Objective Measures**

The Board finds that a $15 minimum wage, while still falling short of a wage that would enable full-time workers in Connecticut to meet their basic needs without public assistance, would provide significant benefits to working families and would grow the Connecticut economy in ways that would broadly benefit the state and its residents. The broad and significant positive effects that a $15 minimum wage would have are closely related to the current circumstances in the state: poverty among working families, reliance on public assistance by working families, dramatic income inequality, the state’s relatively high cost of living and the State’s fiscal crisis and instability. Raising the minimum wage to $15 over the next several years will boost the incomes of hundreds of thousands of low-income families (see note 31) who would disproportionately spend their increased earnings to meet their basic needs and raise their living standards, promptly and directly growing the economy and ultimately bolstering the quality of life for all of Connecticut’s residents. In addition, as the income of working families increases, they would pay more sales and income tax and reduce their need for public assistance, potentially reducing the size of the public sector or allowing resources to be directed to other important public needs. Studies show that businesses would benefit from reduced turnover, increased productivity, and increased profit from additional sales due to increased spending by low-income working families.

Researchers and organizations have used various models and different labels such as “self-sufficiency,” “basic economic security,” “household survival,” and “a living wage” for evaluating the income that it takes to make ends meet at a basic standard of living. While they have reached slightly different figures for the income they consider sufficient, these researchers agree on two central points:

First, the Federal Poverty Guidelines, which set only one level for the 48 contiguous states, are inaccurate indicators of the income necessary to meet a Connecticut family’s basic needs; nor are they sufficient to describe a family working but living in poverty. Yet families earning the current minimum wage, or just above it, still often live in poverty even based on the narrow definition set by the Federal Poverty Guidelines.

Second, researchers and organizations agree that, in almost all cases, low-wage workers earning the current minimum wage, or anything close to it, cannot meet their basic needs given the relatively high cost of living in Connecticut.

The various income adequacy models summarized here give a sense of the concurrence of academic opinion that the current minimum wage is not high enough to provide a reasonable standard of living. These studies enable us to understand the income levels needed for low-income working families to meet their basic expenses and to make a dent in addressing economic insecurity, reducing the need for public assistance and shortening the long hours of work in multiple jobs that are often the norm for Connecticut families. This information has led the
The Board recognizes that this is a critically important step even if not high enough to truly meet the basic needs of all working families.

Several income models are described below with examples of their findings. For a chart with region-by-region findings of the Connecticut Self-Sufficiency Standard and the Basic Economic Security Tables, see Appendix D. Also included, in Appendix E, is a chart from the Connecticut Self-Sufficiency Standard 2015 report comparing it Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), and WIC (Women, Infants and Children), as well as the federal poverty guidelines, and the Connecticut minimum wage (using 2015 figures). The chart illustrates the relative inadequacy of these commonly-used benchmarks.

**The Connecticut Self-Sufficiency Standard**

In 1999, the Connecticut General Assembly created the state’s Self-Sufficiency Standard, which was last updated in 2015 for the Permanent Commission on the Status of Women by the Center for Women’s Welfare at the University of Washington School of Social Work. The Self-Sufficiency Standard “describes how much income families of various sizes and composition require to make ends meet without public or private assistance in each region of Connecticut,” and it is a “measure of income adequacy that is based on the costs of basic needs for working families: housing, child care, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits.” The 2015 Self-Sufficiency Standard report states that “for most workers throughout Connecticut the Self-Sufficiency Standard shows that earnings well above the official Federal Poverty Level are nevertheless far below what is needed to meet families’ basic needs.” By this standard, single parents with one preschool-age child would need to earn anywhere between $21.14 and $36.84 per hour to meet basic needs. Appendix D provides the specific figures for different regions of the state.

**The Basic Economic Security Tables**

Another Connecticut-specific measure of the cost of living and the income levels needed to achieve family economic security is the “Basic Economic Security Tables™ (BEST) Index.” Currently maintained and published by the Institute for Women’s Policy Research, the National Council on Aging, and the University of Massachusetts Boston, the BEST Index was developed by Wider Opportunities for Women and the Center for Social Development at Washington University-St. Louis. As the BEST materials describe, it “measures the income a working adult requires to meet his or her basic needs” without any “extras” and with each component being “a conservative estimate of need.”

The current BEST tables calculate that, at the statewide average, a working adult without children who does not receive employer benefits requires $43,392 annually, or $20.55 per hour. For a family of two with one adult and one child age 0-3, the requirement for basic economic security rises to $68,964 annually, or $32.65 per hour. For a family of four with one infant and one preschool child, the required annual income figure is $122,332.
The United Ways of Connecticut ALICE Report

A third analysis comes from the ALICE report issued by the United Ways of Connecticut. “ALICE” stands for “Asset Limited, Income Constrained, Employed:” working families living above the poverty line but earning less than the “Household Survival Budget,” which is described as “a bare bones budget for basic needs.” To calculate this Household Survival Budget, the United Way “uses conservative estimates of monthly expenses for housing, child care, food, transportation, health care, and taxes.” The report concludes that based on the Household Survival Budget, “[m]ore than one-third of all households in Connecticut are not earning enough to get by.”

The statewide average ALICE Household Survival Budget for 2014 for a single adult was $22,656 per year, while for a family with two adults and two children it was $70,788 – requiring that, together, the parents earn $35.39 per hour with both parents working fulltime.

While the ALICE figures are somewhat lower than those calculated by the Self-Sufficiency Standard and the BEST tables, this is because the ALICE Household Survival Budget makes a truly “bare minimal costs” calculation of needs. In noting that the Economic Policy Institute’s Family Budget Calculator and the Massachusetts Institute of Technology’s Living Wage Calculator (discussed below) come up with somewhat higher figures, the ALICE reports attributes this difference to only “slightly more comfortable” budgets that themselves would be “difficult to sustain for long periods of time.” Thus the ALICE report also provides an alternative budget, one that is not bare bones “survival” but is instead “stability.” This “Household Stability Budget” calculates the income needed for stability over time and “to support and sustain an economically viable household.” The report provides the example that, for a New London family of four, the Household Survival Budget is $68,184 per year, while the Household Stability Budget is 80 percent higher, or $122,652.

Economic Policy Institute’s Family Budget Calculator

The 2015 Economic Policy Institute’s Family Budget Calculator is another source of information for the income required to make ends meet in Connecticut. Similar to other benchmarks, the EPI calculator looks at costs such as housing, transportation, food, child care, health care, and taxes to determine the income necessary to maintain a “secure yet modest” standard of living.

Using the EPI calculator gives the following results:

For a two-parent, two-child family in the Bridgeport, CT metro area, it costs $6,642 per month ($79,708 per year) to secure a decent yet modest standard of living.

For a two-parent, two-child family in the Hartford/West Hartford/East Hartford, CT metro area, it costs $6,802 per month ($81,623 per year) to secure a decent yet modest standard of living.

For a two-parent, two-child family in the New Haven/Meriden, CT metro area, it costs $6,938 per month ($83,255 per year) to secure a decent yet modest standard of living.
For a two-parent, two-child family in the Norwich/New London, CT metro area, it costs $6,484 per month ($77,809 per year) to secure a decent yet modest standard of living.

For a two-parent, two-child family in Rural Connecticut, it costs $6,183 per month ($74,200 per year) to secure a decent yet modest standard of living.

**Massachusetts Institute of Technology’s Living Wage Calculator**

Lastly, the Massachusetts Institute of Technology produces a calculation for a “living wage, an approximate income needed to meet a family’s basic needs” that “would enable the working poor to achieve financial independence while maintaining housing and food security.”

For example, in the Bridgeport-Stamford-Norwalk metropolitan statistical area, it takes $28.11 per hour ($58,469 annually) for a family of two adults (one working full time) and one child to meet this family’s basic needs.

In the Hartford-West Hartford-East Hartford metropolitan statistical area, it takes $22.62 per hour ($47,050 annually) for a family of two adults (one working full time) and one child to meet this family’s basic needs.

In the New Haven-Milford metropolitan statistical area, it takes $23.13 per hour ($48,110 annually) for a family of two adults (one working full time) and one child to meet this family’s basic needs.

In the Norwich-New London metropolitan statistical area, it takes $22.08 per hour ($45,926 annually) for a family of two adults (one working full time) and one child to meet this family’s basic needs.

**Income Inequality in Connecticut**

The struggles of Connecticut’s low-wage workers exist amidst some of the greatest wealth in the country, with the gap between rich and poor in the state continuing to widen. As a recent report highlighted, Connecticut families in the top 1 percent of incomes captured almost 30 percent of all income growth between 2009 and 2013.

Connecticut ranked second in the country in income inequality, behind New York, and the Bridgeport-Stamford-Norwalk metropolitan area was the second most unequal metropolitan area in the country, behind Jackson, Wyoming. The growth of income and wealth inequality in Connecticut has serious implications, contributing to a widespread sense of economic anxiety and limited opportunity. It raises fundamental questions about what kind of state we want to be: one where a few reap the rewards while the majority struggle and suffer, or one where all working families can maintain a decent and adequate standard of living.

In addition to raising these fundamental concerns, the significant gap in income, wealth (net worth), and education in Connecticut creates a drag on economic growth in the state. The need for public and private assistance to help low-income families make ends meet diverts resources from more productive uses such as investment in education, training, apprenticeships, research.
and development, and the arts as well as transportation and communication infrastructure. These investments build capacity for future production of goods and services as well as create new products and processes that improve the lives of all residents. Policies that drive up wages for those on the bottom and near the bottom are a precondition for statewide economic progress.

**Poverty and Low-Wage Work in Connecticut**

Connecticut’s population in 2013 was 3.58 million people, of whom 903,577 individuals lived in families with an average family size of 3.14. Twenty percent of these families are among the working poor, defined as having a family income of less than 200% of the federal poverty level (FPL), which in 2013 was $47,100 for a family of four.24 Connecticut ranked second highest in the nation of such families among the working poor in the U.S. Many of our working poor families have no high school diploma or GED; in Connecticut in 2012, 22.4% of such families had no high school or GED (note 25). Among Connecticut’s low-income families (those with incomes less than 200% of the FPL), 48.6% had no postsecondary education (note 25). Over three quarters of the state’s low-income families are housing cost-burdened, meaning that housing costs amount to one-third or more of their income (note 1). Almost two-thirds of low-income families work (note 25). Finally, 13.6% of Connecticut’s working families have jobs in occupations paying less than the federal poverty threshold (note 25).

In 2010, there were 720,000 Connecticut citizens (21%) living at or near the federal poverty level,25 Over the 20-year period examined in the report “Meeting the Challenge, The Dynamics of Poverty in Connecticut,” 131 of Connecticut’s 169 towns witnessed an increase in poverty.26 Clearly, these facts have economic and fiscal consequences as we describe above. Despite working, families can still slip into poverty from a combination of insufficient hourly wages, insufficient hours worked per week, and insufficient weeks worked per year.

There is a physical and psychological toll as well from working as much as one can and living in poverty or close to it. Families don’t eat as high quality food as they can or should leading to diseases such as diabetes and depression. Working multiple part-time jobs leaves little time for family, exercise and additional education or training creating stress, anxiety and hopelessness. A positive correlation exists between income and life expectancy27 and infant health.28

**The Demographics of Low-Wage Workers in Connecticut**

A study published by the Federal Reserve Bank of Boston29 and testimony to the Board by Connecticut Voices for Children based on analysis by the Economic Policy Institute (“CT Voices/EPI”)30 provide demographic portraits of the workers who would benefit from a minimum wage increase to $15 over time in Connecticut. Although these two analyses use different data sources and somewhat different methods, the picture they paint is very similar. Both studies found that workers earning less than $15 in Connecticut number in the hundreds of thousands: 20 percent of the workforce – or 336,000 workers – according to CT Voices/EPI, and 30.6 percent of all workers according to the Federal Reserve Bank study. The Federal Reserve Bank study found, moreover, that the percentage of the worker earning less than $15 rose to a majority – 53 percent of all workers – in the City of Hartford.
The studies also found that the sub-$15 workforce is disproportionately female, Black, and Latino, with the Federal Reserve study noting that statewide 33.7 percent of female workers, 43.1 percent of Black workers, and 52.6 percent of Latino workers earn less than $15—figures ranging from somewhat to substantially higher than the overall percentage of 30.6 percent. The CT Voices/EPI analysis found that 58.4 percent of workers that would directly benefit from an increase to $15 are women.

The data set forth in the study and testimony also refute one of the arguments that the Board heard repeatedly in its consideration of whether Connecticut should increase the minimum wage: that minimum wage earners are predominantly teens looking for job experience and pocket money, not adults or primary earners in their households. According to the Federal Reserve study, “[t]he typical worker making less than $15.00 per hour is in her mid-30s.” The CT Voices/EPI analysis found that 90 percent of the workers who would benefit from a minimum wage increase to $15 are 20 years of age and older. And according to the Federal Reserve study, 32.7 percent—nearly one-third—of sub-$15 workers in Connecticut are parents with children, and 22 percent of all children in the state have at least one parent earning less than $15. Finally, contrary to the notion of minimum wage earners as teenagers living with their parents and earning pocket money, the Federal Reserve study also found that a majority of sub-$15 workers are the primary earners in their families.

The Fiscal Cost of Low Wages for Connecticut Government and Taxpayers

The state of Connecticut bears very significant costs for the state and federal public assistance programs that help working families and households. Connecticut’s 14 state public assistance programs provide cash assistance, vouchers and reduced prices for school meals, weatherization assistance, heating and health services, among others (see Appendix D), while Connecticut also contributes to federal programs administered in the states (see Appendix E for a list of federal public assistance programs). These costs are funded through a combination of state and federal taxes.

In a study entitled “The High Public Cost of Low Wages,” researchers at the University of California at Berkeley identified the costs of certain federal public assistance programs to states. The report examined working families’ utilization of the health care programs Medicaid and Children’s Health Insurance Program (CHIP), as well as their enrollment in the basic household income assistance program Temporary Aid to Needy Families (TANF). Both programs operate with shared funding from the federal government and the states. In addition, the report examined the costs to the federal government of Medicaid/CHIP and TANF, as well as the Earned Income Tax Credit (EITC) and the food stamp program (Supplemental Nutrition Assistance Program, or SNAP).

The UC Berkeley analysis included only the cash assistance portion of TANF, and notably did not include the costs for state Earned Income Tax Credits, child care assistance, or other state-funded means-tested programs. According to the UC Berkeley analysis, between 2009 and 2011, Connecticut had on average annually 346,000 persons in working families enrolled in Medicaid/CHIP, 151,000 persons in working families receiving the EITC and 74,000 persons in working families receiving SNAP benefits. The average annual total cost of these programs to the State of Connecticut was $902 million, of which $486 million (54%) was for working
families. In addition, the federal government’s average annual cost for Connecticut programs was $2.116 billion, of which $1.146 billion (54%) was for working families.  

The UC Berkeley report does not include all public assistance programs supported by federal and state dollars, because the data available on other programs does not allow the type of analysis performed. The largest programs not examined in their report are those that provide funding for child care subsidies to low-income families. Nationally, in 2013, total child care funding included: $1.1 billion in federal TANF funds spent directly on child care; $2.5 billion in additional state TANF Maintenance of Effort (MOE); and, $7.7 billion in state and federal Child Care and Development Block Grant (CCDBG) funds.  

Because of these omissions, the report’s calculation of $1.632 billion spent on federal programs to support Connecticut’s working families ($1.146 billion in federal costs plus $486 million in state costs) is a conservative estimate.

Child care funding is overwhelmingly spent on working families. A 2014 Urban Institute study found that at least 83 percent of families receiving child care subsidies have a member of the family that works.  

Currently, only a fraction of those eligible for child care subsidies currently receive them. According to a U.S. Department of Health and Human Service analysis of 2011 data, among children eligible under federal rules, only 17 percent received subsidized care, and under state rules, only 29 percent of eligible children received subsidized care. Increasing wages would allow for a broader distribution of the available funding across families in need of child care assistance.

**The Economic Benefits and Costs of a $15 Minimum Wage for the Connecticut Economy, Its Families, and Businesses**

The Board heard and considered a broad range of arguments and studies on the economic impact of a $15 minimum wage. While some economists have predicted that a $15 minimum wage would have negative impacts, much of the recent, credible economic research – and that which the Board finds compelling – indicates that raising the minimum wage will likely have a small net positive effects on Connecticut employment levels, in addition to bringing significant benefits for workers on the lower rungs of the economic spectrum, for the state and its taxpayers, and for businesses.  

As described in a letter signed by more than 600 economists – including seven Nobel Prize winners in economics – urging the President and Congressional leaders to raise the federal minimum wage, “the weight of evidence now show[s] that increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market.”

The reason for small overall employment effects is that firms respond to cost increases in a variety of ways, and the impacts on employment overall of raising the minimum wage will counterbalance each other. A study of studies entitled, “Why Does the Minimum Wage Have No Discernible Impact on Employment” describes the many ways in which firms respond to wage increases.  

On one hand, firms may consider reducing hours, reducing headcount, increasing prices, increasing automation, reducing profit, reducing non-wage benefits such as training, insurance and retirement, or hiring higher skilled workers that displace lower skilled workers. Firms could possibly relocate or close in response to significant labor cost increases that depend
on the intensity (proportion) of low-skilled labor they employ and the difficulty with which such workers could be replaced with machines or higher skilled workers as well as how easily they can absorb profit reductions and price increases. Effects on profits depend on a firm’s competitiveness within an industry and in their product and service markets as well as on their competitiveness in the labor markets for the workers they employ.

On the other hand, raising the minimum wage will create fiscal benefits and cost savings for employers. Firms should expect increased productivity and morale (work attitude) from workers whose earnings increase, they should see reduced turnover and costs of recruitment, increased efficiency as a result of automation, and increased sales as increased earnings and spending offset price increases – that is, the economy as a whole will grow bringing substantial benefits. And finally, within affected firms, wages of workers close to the new minimum wage will increase (the ripple effect), raising costs and productivity.

Connecticut is, of course, not the first state in the region to consider a $15 minimum wage; the Board finds the approach and analysis done during the past year for New York’s consideration and decision on the issue highly instructive. Two important studies done for New York looked specifically at the economic effects of a minimum wage increase in the state; one from University of California Berkeley economist Michael Reich and his co-authors, “The Effects of a $15 Minimum Wage in New York State,” and the other from the New York State Department of Labor, “Analysis: Raising New York’s Minimum Wage to $15.”

The Reich study developed a structural labor market model for simulating the effects of incremental minimum wage increase in New York State, like the gradual increase that the Board is recommending for Connecticut. Using this model, the study found that the increased earnings and other benefits to businesses, workers, and consumers slightly outweighed the negative effects mentioned above. Increased consumption by those whose earnings were affected by the increased minimum wage dominated changes resulting from reductions or automation. Importantly, firms’ adjustments occur over time as firms decide which actions to take in response to an announced, gradual minimum wage increase such as that recommended by the Board. The composition of employment changes slowly as they decide to hire higher skilled workers and retire lower skilled workers and increase their use of automation, which, in turn, increases employment in industries that manufacture such equipment. Some firms change the way they do business. For example, food service businesses may eliminate cashiers and automate food ordering which in turn reduces costs and prices that in turn expands the business creating greater opportunities for food preparers (see the Reich et al. study, page 22).

As the Reich study concluded:

[I]t is possible for New York State to effect a vast improvement in living standards for over a third of its workforce without generating a net adverse employment effect. It can do so through induced efficiencies (more automation, productivity gains, turnover savings) and slight price increases borne by all consumers. Based on our analysis, we conclude that the proposed minimum wage will have its intended effects in improving incomes for low-wage workers. Any effects on employment and overall economic growth are likely to be small. The net impact of the policy will therefore be very positive.
The economic issues presented by increasing the minimum wage are also summarized as follows by the New York State Department of Labor in its analysis:

*On the facts, raising the minimum wage increases the standard of living for workers, reduces poverty, incentivizes fair and more efficient business practices, and ensures that the most vulnerable members of the workforce can contribute to the economy. Increasing the minimum wage stimulates demand for goods and services, leading employers to bring on new staff to keep up with this increased demand.*

In addition, the state of Connecticut’s fiscal situation may well benefit from increasing the minimum wage because increased earnings imply greater income and sales tax revenue on the one hand, and reduced spending for public assistance programs on the other. Some of the net revenue from raising the minimum wage could be used to increase job training, apprenticeships, and internships in public-private partnership, to create the workforce needed to fill increasing vacancies due to retirement and the lack of qualified entrants. There are several other productive uses to which the net revenue could be put as mentioned above.

Many arguments against minimum wage increases are really just arguments against having a minimum wage at all. For example, some believe that a wholly-unregulated labor market is morally, politically, and economically preferable. Yet Connecticut has had a minimum wage for over eight decades, and even if it were to discard its own minimum wage entirely, the federal government would still set a minimum. Some of the arguments made against gradual minimum wage increases are more precisely targeted against increases but are not credible. For example, it is not true that rises in the minimum wage devastate the economy, cause mass unemployment, or generally “hurt the people they were designed to help.” Every 10% increase in them minimum wage decreases the poverty rate by 2.4%.

This is not to say that no individual firm could be negatively affected by a gradual minimum wage increase. It is possible that some firms, even with five years of gradual change, simply would not figure out a way to adapt. It is also true that gradual raises in the minimum wage can incentivize automation, although academic studies have concluded again and again that automation tends to create just as many jobs as it creates, even within low-wage sectors like hospitality. Finally, it is accepted that gradual increases in the minimum wage can slow hiring, but they also slow job separations. That is part of the reason that a “study of studies” of the effects of minimum wage increases demonstrates virtual unanimity that gradual rises in the minimum wage have no statistically significant effect in a positive or negative direction on total employment.

The Board finds compelling the studies and perspectives that present a well-balanced approach, looking at all of the effects – including both benefits and costs – and rejects those that claim that raising the minimum wage will be detrimental to the economy, the state, businesses, and workers.

**Why $15 Per Hour?**
The Board’s recommendation on raising the minimum wage has focused on raising it to the $15 level for several reasons.

First, the question of raising the minimum wage to $15 specifically was directly and repeatedly presented to the Board by members of the public. To fail to respond to the direct request of so many of those who testified would have been to disregard the Board’s responsibility to consider and respond to input from stakeholders as required by the statute that created the Board.

Second, as many examples considered by the Board have demonstrated, a $15 minimum wage has recently become the standard among those in favor of increasing the minimum wage. In some places the $15 minimum wage level has already been achieved, while in others the efforts are ongoing. However, a majority of the Board concluded that $15 is the right level to which to raise the minimum wage at this time. Examples of efforts to increase the minimum wage to $15 are widespread, from the first $15 minimum wage laws passed in Washington state to Connecticut’s neighbors of New York and New Jersey, to the national platform of the Democratic Party.

Third, among economists there has been an informal consensus that $15 per hour is halfway between the previous peak of about $10 in inflation-adjusted terms and the $20 or so level that would have been reached if the minimum wage since the peak had risen in line with labor productivity. This rationale for a $15 target is more about what is economically achievable than about reaching a “self-sufficiency” or “living” wage. The Board has no illusions that a $15 per hour minimum wage reached over the next several years will lift everyone out of poverty or eliminate public assistance for all low-income working families. However, for the wide variety of reasons discussed in this report, the Board majority believes that the $15 level is reasonable, achievable, fair, and consistent with policies being passed in other cities and states.

**Future Work of the Board**

The Board recognizes and acknowledges that raising the minimum wage to $15 is only a first step, and not the sole or complete answer to the problems of low-income working families in Connecticut. The minimum wage recommendation does not address all of the concerns and issues with which the Board is charged by statute with considering, studying, and addressing through recommendations. During these first ten months of the Board’s work, various members of the Board and of the public raised and discussed briefly other possible approaches to addressing these concerns and issues. In some cases, one or more of the minority members of the Board (i.e., the three who did not vote in favor of the current recommendation) advocated for considering these other approaches as alternatives to raising the minimum wage. However, as described above, the Board had recognized that it simply did not, in the time leading up to its first report, have the time and resources needed to consider, study, and address a broad range of issues and instead decided to focus on the minimum wage.

The list of other approaches and proposals that were raised, even if briefly, and that the Board anticipates considering and addressing in the future include the following:

- Increasing the Earned Income Tax Credit for low-income working families.
• Implementing wage increases through voluntary employer agreements.
• Improving the affordability and accessibility of child care.
• Improving the affordability and accessibility of home care for elderly and disabled individuals.
• Improving counseling and training for students and others on career selection, post-secondary educational alternatives, and educational financing.
• Improving the affordability of housing.
• Increasing access to credit.
• Stock options/employee ownership in companies.
• Increasing access to paid family and medical leave, and to paid sick leave.
• Increasing access to full-time work hours and employer-provided benefits.
• Addressing the impact of flex- and real-time scheduling.

In addition to these specific issues and proposals, the Board discussed generally an interest in considering how to bring about change and improvement in the economic circumstances and well-being of low-income working families through efforts to address issues broadly and systemically rather than through piecemeal changes. The Board intends to continue its consideration of this approach.

**Conclusion: The Board’s Recommendation on the Minimum Wage**

The Board recommends that the Connecticut minimum wage be raised to $15 gradually and over a reasonable period of time, to allow businesses in the state the opportunity to anticipate the changes and adjust. While the precise time frame should be determined by the legislature, one scenario that the Board considers reasonable and appropriate is to follow the path of the New York minimum wage for Westchester County and Long Island. This approach increases the minimum wage by $1 each year, reaching $15 on December 31, 2021 (or January 1, 2022, to be consistent with the effective date of past Connecticut minimum wage increases). After reaching $15, the Connecticut minimum wage should be indexed and adjusted on an annual basis with respect to some measure of inflation.

**Appendices**

- **Appendix A:** List of Board members
- **Appendix B:** List of Board meetings and hearings with brief summary of presentations and testimonies
- **Appendix C:** List of studies and articles circulated and considered by the Board
- **Appendix D:** Region-by-Region Findings of the Connecticut Self-Sufficiency Standard and the Basic Economic Security Tables (BEST) (without employer benefits)
- **Appendix E:** The Self-Sufficiency Standard Compared to Other Benchmarks
- **Appendix F:** Connecticut public assistance programs
- **Appendix G:** Federal public assistance programs

**Appendix A:** List of Board members

- Merle Berke-Schlossel, President and CEO, United Way of Coastal Fairfield County
• James Bhandary-Alexander (chair), Staff Attorney, New Haven Legal Assistance Association, Inc.
• Susan Coleman, Professor and Ansley Chair of Finance, University of Hartford Barney School of Business
• Helene Figueroa, Director, Family Child Care Team, CSEA/SEIU 2001
• Merrill Gay, Executive Director, Connecticut Early Childhood Alliance
• Paul S. Lavoie, VP, Sales, Marketing and Human Resources, ETTER Engineering Company, Inc.
• Stanley McMillen, Adjunct Faculty University of Connecticut and Trinity College Department of Economics
• Monica Morneau, Childcare Consumer
• Jennifer Putteti, Connecticut Office of Policy and Management
• Deborah Schwartz, Home Care Director and Vice-President, SEIU 1199NE
• Michael Seid, Founder and Managing Director, MSA Worldwide
• Eddie Stephens, Home Care Consumer
• Kurt Westby, Deputy Commissioner, Connecticut Department of Labor

*Board members that voted in favor of this report and recommendation.
Appendix B: List of Board meetings, hearings, and presenters

Meeting, January 26, 2016 (Hartford): Administrative and introductory matters. Election of co-chairs by members of the Board. Board members. Distribution of background briefing binders with studies and reports on various issues related to the Board’s mission.


Public Hearing, March 22, 2016 (New Haven): Attended by approximately 100 members of the public, with testimony presented by approximately 27 individuals.

Public Hearing, April 14, 2016 (Hartford): Attended by approximately 125 members of the public, with testimony presented by approximately 25 individuals.

Meeting, April 21, 2016 (Wethersfield): Discussion and planning meeting.


Public Hearing, July 20, 2016 (Bridgeport): Attended by approximately 75 members of the public, with testimony presented by approximately 30 individuals.


Meeting, September 14, 2016 (Hartford): Board Member Discussion.

Meeting, November 9, 2016 (Hartford): Vote on Report and Recommendation.
Appendix C: List of studies and articles circulated and considered by the Board

- Retail Employment in the U.S. and Connecticut
- “Impact of Low Wage Jobs on State Tax Revenues” by Manisha Srivastava
- “Industry and Occupational Outcomes from a Wage Perspective” by Patrick Flaherty
- Low Wage Employer Advisory Board Interim Report
- A $15-hour minimum wage could harm America’s poorest workers
- The Effects of Minimum Wages on Employment
- Reducing Poverty via Minimum Wages, Alternatives
- Survey of US Economists on a $15 Federal Minimum Wage
- CT Testimony – by Michael Saltsman, Employment Policies Institute
- Why Does the Minimum Wage Have No Discernible Effect on Employment?
- Impact of Seattle’s Minimum Wage Ordinance Through 2015
- A $15 Minimum Wage in New England: Who would be affected?
- Minimum Wages & Relational Contracts
- Economic Policy Institute - Balancing paychecks and public assistance
- Producing - Poverty The Public Cost of Low-Wage Production Jobs in Manufacturing
- The Effects of a $15 Min Wage in NYS
- The Effects of a $15 Min Wage on San Jose & Santa Clara Counties
- Effects of the Minimum Wage on Infant Health
- What Should the Minimum Wage Be?
- Connecticut Ranks 43rd In CNBC Business Ranking
- Fight for $15: The Tipping Point for Generational Poverty Fight for $15 Minimum Wage: The Tipping Point for Generational Poverty
- NY State Minimum Wage to $15 Impact
- Raising NY's Minimum Wage to $15
- Is Monopsony the Right Way to Model Labor Markets - A Review of Alan Manning's Monopsony in Motion
- Optimal Minimum Wage Policy in Competitive Labor Markets
- Forum: Advisory board should proceed cautiously on $15 Connecticut minimum wage
- Union targets Connecticut as battleground in “Fight for $15”
- Business Outlook Drops to All-Time Low after Minimum Wage Increase
- As I Predicted, Seattle's Minimum Wage Rise Is Reducing Employment
- As We've Been Saying, California's Minimum Wage Rises Increase Unemployment
- What Not to Do as Robots Take More Jobs
- America's Worst Minimum Wage Pundit
- 11 States Raising The Minimum Wage In 2017
- Raising Minimum Starting Wages to $15 per Hour Would Eliminate Seven Million Jobs
- $15 minimum wage shutters old-school Brooklyn diner
- The Minimum Wage Study
- $15 wage law has little impact on Seattle’s thriving labor market, report suggests
- Connecticut Ranks Average For Growth Of Goods And Services
• Why raising the minimum wage in Seattle did little to help workers, according to a new study
• A $15 minimum wage will crush the retail industry
• The ‘Fight-for-$15’ Fantasy
• Dunne: Invest in the youngest Vermonters
• The $15 minimum wage sweeping the nation might kill jobs — and that’s okay
• Fight for $15: Is a minimum wage increase economic justice or an economic death sentence?
• Don’t supersize the minimum wage
• Galbraith’s $15 minimum wage proposal met with skepticism in Vermont
• The fight for $15 will hit North Philly hard
• Racial, gender wage gaps persist in U.S. despite some progress
• The High Public Cost of Low Wages
• The State of the Early Childhood Workforce: Shared and Divergent Challenges Serving Children from Birth to Age 8
• No, a $15 minimum wage won’t kill business: The economic reason why the Fight for $15 movement is so important
• The Capitalist’s Case for a $15 Minimum Wage
• Leaked documents show strong business support for raising the minimum wage
• The Minimum Wage Hike Is Good for Business
• Restaurant Owner Who Said “We are…certainly not opening another business in our beloved Seattle” Due to $15 Minimum Wage Is Opening Another Restaurant in His Beloved Seattle
• Fight Over Minimum Wage Illustrates Web of Industry Ties
• Saving lives with the minimum wage: A different way to think about an old policy fight
• Chris Hayes Clashes with Conservative Think Tank Member - How Many Economists Do You Have on Staff?
• Saving lives with the minimum wage: A different way to think about an old policy fight
• Low-wage workers gain big benefits from job training
• As I Predicted, Seattle's Minimum Wage Rise Is Reducing Employment
• The Low-Skilled Labor Market
• As Low-Skilled Jobs Disappear, Men Drop Out of the Workforce
• The Working Life: The Labor Market for Workers in Low-Skilled Jobs
• Low-Skilled Workers Flee the Minimum Wage
• The Minimum Wage Forces Low-Skill Workers to Compete with Higher-Skill Workers
• Employment Situation Summary
• Robots replacing human workers may leave millions out of job
• McDonald's Installs Automated Order Kiosks in NYC
• McDonald's Automated Cashier Demo Video $15 an Hour Replacement
• McDonalds Robot' In Phoenix
• Fast Food Company Develops Robots
• Robotic chef can cook Michelin star food in your kitchen by mimicking world's best cooks
• Robot Mcdonald's Staff About To Put Fight For $15 Protestors On Permanent Picket Line
• Minimum Wage Backfire: McDonald's Goes Touchscreen
• McDonald’s Is Buying Robot’s Instead Of Paying $15 An Hour In Minimum Wage
• Raise the Minimum Wage and the Robots Win | HowStuffWorks NOW
• Wendy's Wants to Automate Stores "Because of $15/Hour Minimum Wage Increase"
• Healthcare Robots – a growing collection
• Robots that may help you in your silver age
• Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis
• Minimum Wages and Employment
• More recent evidence on the effects of wage changes in the United States
• Progress Points - What Can We Do Differently? A Look at Progress and Promise in Our Communities
• There’s Now an App to Help Businesses Fight a Higher Minimum Wage
• Working paper: Credible research designs for minimum wage studies
• Working Families promises another attempt at low-wage bill
• The Bitter Lesson From Seattle's Minimum Wage Hike
• Truly, Minimum Wage Rises Cost Jobs - Germany's Minimum Wage Introduction Cost 60,000 Jobs
• Facing High Labor Costs From Minimum Wage Hikes, Chicago Restaurant Closes
• How Low-Paying Retailers Can Adapt to Higher Minimum Wages
• Humans: Unsafe at Any Speed
• The Robots Are Coming, Welcome Them
• Minimum wage effect? DC restaurants lost more jobs since January than any 6-month period since 2001
• The New America Care Report
• Income Inequality in Connecticut: A Statistical Thought Experiment
• The Unequal States of America - Income inequality in Connecticut
• U.S. Home Care Workers: Key Facts
• The bitter taste of a restaurant recession
• Connecticut Job Market Struggling As Layoffs Continue
• If Black Lives Matter, Repeal the Minimum Wage
• Opinion: Pay raises at J.P. Morgan, Starbucks don’t justify a higher minimum wage
• From the minimum wage to unions: 5 myths about the US job market
• Of Course Black Lives Matter; That's Why The $15 Minimum Wage Is A Bad Idea
• By The Time Minimum Wage Reaches $15, There Will Be No Jobs For Cashiers
• Minimum wage hike may hinge on tipped workers
• San Leandro OKs minimum wage hike to $15 by 2020
• Politics and Minimum Wage
• A Step Forward for Fair Pay at McDonald’s, New York Times Editorial Board, July 15, 2016
• Big Companies Are Raising Wages for Lower Earners, Society for Human Resource Management, Stephen Miller, July 15, 2016
• Do Minimum-Wage Hikes Mean Healthier Babies? The Atlantic, Alexia Fernandez Campbell, July 14, 2016
• What Theresa May, Jamie Dimon, and the Fight for $15 Have in Common, TIME, Rana Foroohar, July 14, 2016
• In-N-Out Can’t Stop Workers From Wearing ‘Fight for $15’ Pins, Eater, Whitney Filloon, July 14, 2016
- JPMorgan Chase and Starbucks Minimum Wage Increases—Just Following Trends, Forbes, Adam Hartung, July 13, 2016
- Democrats adopt most progressive platform ever, Washington Post, Katrina vanden Heuvel, July 12, 2016
- Democrats call for $15 federal minimum wage in platform, Los Angeles Times, Chris Megerian, July 9, 2016
- These lowest paid workers have a most important job, CBS Moneywatch, Aimee Picchi, July 8, 2016
- The Democratic platform is far more liberal than four years ago. Here’s why that matters, Washington Post, James Downie, July 7, 2016
- Local Minimum Wage increases boost incomes in several large cities, USA Today, Paul Davidson, July 5, 2016
- This Group Pioneered the Fight for $15. Can They Transform the Fight for Affordable Housing Too?, The Nation, Sarah Jaffe, July 5, 2016
- Higher Minimum Wage Goes into Effect in Los Angeles Area, KABC, July 1, 2016
- $15-an-hour minimum wage: First Minneapolis, then statewide, Star Tribune, John Marty, June 28, 2016
- Another City Just Enacted A $15 Minimum Wage, The Huffington Post, Dave Jamieson, June 27, 2016
- Flint-area home care worker one of 9 people recognized by White House, Mlive.com, Molly Young, June 24, 2016
- U.S. should raise minimum wage, overhaul taxes and offer paid maternity leave, IMF says, Associated Press, June 22, 2016
- McDonald’s Serves Up a Tax Whopper in Luxembourg, Forbes, Stuart Gibson, June 22, 2016
- Wage hike good for businesses, the economy and it’s the right thing to do, The Hill, Keith Mestrich, June 22, 2016
- Budget Committee Requests Draft to Implement Voter-Approved Wage Increase, Times of San Diego, Debbie L. Sklar, June 22, 2016

[Add citations and missing links]

This table compares the 2015 self-sufficiency standard with the current Basic Economic Security Tables (BEST) data (without employer benefits) for families of one individual and a parent with a preschool child (aged 3 to 5 years old). In many cases, the BEST numbers are larger than the self-sufficiency standard, while in a few cases, they are lower. These differences likely result from slightly different geographies and methodologies for estimating living expenses. Keep in mind an individual working full time – 40 hours per week, 52 weeks per year – earning the current minimum wage earns $19,968 (and will earn $21,008 at $10.10 per hour) not accounting for the additional support of public or private assistance.

<table>
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<tr>
<th>Region/City</th>
<th>The Self-Sufficiency Standard for Connecticut Regions 2015</th>
<th>Basic Economic Security Tables</th>
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<tr>
<td></td>
<td>ONE ADULT</td>
<td>ONE ADULT</td>
</tr>
<tr>
<td></td>
<td>ONE ADULT ONE PRESCHOOLER</td>
<td>ONE ADULT ONE PRESCHOOLER</td>
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<tr>
<td>Statewide average</td>
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<td>$79,980</td>
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<td>$79,980</td>
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<td>$26,028</td>
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<td>Upper Connecticut River</td>
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<tr>
<td>Region</td>
<td>Income 1</td>
<td>Income 2</td>
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<td>$47,590</td>
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Appendix E: The Self-Sufficiency Standard Compared to Other Benchmarks

Excerpted from the Self Sufficiency Standard for Connecticut (2015), courtesy of the Commission on Women, Children and Seniors based on work commissioned by the Permanent Commission on the Status of Women and conducted by Diana M. Pearce, PhD, Director, University of Washington School of Social Work.
Appendix F: Connecticut Public Assistance Programs

CEAP (Connecticut Energy Assistance Program): Provides financial assistance for payment of primary heat bills for households with qualifying incomes.

Charter Oak Health Plan: Goal is to provide affordable health care coverage to Connecticut adults, aged 19 to 64, of all incomes. Services include doctor visits, prescriptions, vision and dental care, and much more.

ConnPACE (Connecticut’s Pharmaceutical Assistance Contract to the Elderly and Disabled): Service that helps eligible senior citizens and people with disabilities afford the cost of most prescription medicines as well as insulin and insulin syringes.

Earned Income Tax Credit (EITC): Federal anti-poverty tax credit that is designed to supplement the earnings of low income workers by reducing or eliminating their taxes. The EITC is administered by the Internal Revenue Service and the Department of Revenue Services.

Head Start: Federal program for preschool children from low-income families. The Head Start program is operated by local non-profit organizations. Children who attend Head Start participate in a variety of educational activities. They also receive free medical and dental care, have healthy meals and snacks, and play in a safe setting.

Healthy Start: Expanded Medicaid program that provides prenatal care and all other medical services for pregnant women with qualifying income.

Husky (Healthcare for Uninsured Kids and Youth): Plan that offers a full health insurance package for children and teenagers up to age 19. HUSKY pays for doctor visits, prescriptions, vision and dental care, and much more. Depending on income, parents, relative caregivers and pregnant women may also qualify for HUSKY coverage. HUSKY Plus offers additional services for children with special physical health care needs, while mental health and substance abuse treatment services are available through the Connecticut Behavioral Health Partnership.

Medicaid: Pays for health care services for low income Connecticut residents who are disabled, legally blind, or over the age of 65. Services include doctor visits, prescriptions, vision and dental care, among other services.

Medicare Savings Program, also known as QMB (Qualified Medicare Beneficiary), SLMB (Specified Low Income Medicare Beneficiary) and ALMB (Additional Low Income Medicare Beneficiary): Help pay for Medicare premiums.

SAGA Cash Assistance: Provides cash to individuals without dependent children in Connecticut who do not have enough money to meet their basic needs and qualify as ‘unemployable.’

School Breakfast/School Lunch: Free or reduced price breakfasts and lunches are served in participating elementary and secondary schools to enrolled students whose family income does not exceed certain income limits.
Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps: Helps low-income people and families afford the cost of food at the supermarket or grocery store.

State Supplement: Program provides cash assistance to the Aged, Blind, or Disabled to supplement their income and maintain them a standard of living established by the Connecticut legislature.

Summer Food: Provides free, nutritious meals to children from low-income areas during the traditional summer vacation periods. Once approved by the CT State Department of Education’s Child Nutrition Programs, school districts serve meals free of charge to children 18 years and younger from low-income areas.

Temporary Financial Assistance (TFA/TANF): Provides cash assistance to low-income individuals and families.

Weatherization: Assists low-income families with qualifying incomes to reduce their energy bills by making their homes more energy efficient.

WIC (Women Infants and Children): Provides specific foods and nutrition education to eligible pregnant woman, postpartum women up to six months, breastfeeding women up to one year postpartum, and infants and children up to their fifth birthday.
Appendix G: Federal Public Assistance Programs

The means-tested welfare system consists of 80 federal programs providing cash, food, housing, medical care, social services, training, and targeted education aid to poor and low-income Americans. For instance, SNAP enables recipients to purchase more food, Medicaid provides people with health care coverage, and Pell grants make postsecondary education more affordable for students. Over 100 million people — about a third of the U.S. population (35.4%), received aid from at least one welfare program at an average cost of $9,000 per recipient. In 2012, federal spending on 10 largest of the 80 programs — which account for the bulk of welfare spending, totaled $588 billion with Medicaid accounting for more than 40%, followed in size by SNAP.

1. Family Planning
2. Consolidated Health Centers
3. Transitional Cash and Medical Services for Refugees
4. State Children’s Health Insurance Program (CHIP)
5. Food Program Nutrition Assistance for Puerto Rico
6. The Emergency Food Assistance Program (TEFAP)
7. Nutrition Program for the Elderly
8. Indian Education
9. Medicaid
10. Ryan White HIV/AIDS Program
11. Breast/Cervical Cancer Early Detection
12. Maternal and Child Health Block Grant
13. Indian Health Service
14. Temporary Assistance for Needy Families (TANF)
15. Supplemental Security Income
16. Additional Child Tax Credit
17. Earned Income Tax Credit (refundable component)
18. Supplemental Nutrition Assistance Program (SNAP)
19. School Breakfast Program (free/reduced price components)
20. National School Lunch Program (free/reduced price components)
21. Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
22. Reading First and Early Reading First
23. Rural Education Achievement Program
24. Mathematics and Science Partnerships
25. Improving Teacher Quality State Grants
26. Academic Competitiveness and Smart Grant Program
27. Single-Family Rural Housing Loans
28. Rural Rental Assistance Program
29. Water and Waste Disposal for Rural Communities
30. Public Works and Economic Development
31. Supportive Housing for the Elderly
32. Supportive Housing for Persons with Disabilities
33. Section 8 Project-Based Rental Assistance
34. Community Development Block Grants
35. Homeless Assistance Grants
36. Home Investment Partnerships Program (HOME)
37. Federal Supplemental Educational Opportunity Grant
38. Education for the Disadvantaged
39. Grants to Local Educational Agencies (Title I-A)
40. Title I Migrant Education Program
41. Higher Education — Institutional Aid and Developing Institutions
42. Federal Work-Study
43. Federal TRIO Programs
44. Federal Pell Grants
45. Education for Homeless Children and Youth
46. 21st Century Community Learning Centers
47. Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)
48. Child Support Enforcement
49. Temporary Assistance for Needy Families (TANF) (social services)
50. Community Services Block Grant
51. Child Care and Development Fund
52. Head Start HHS
53. Developmental Disabilities Support and Advocacy Grants
54. Foster Care
55. Adoption Assistance
56. Social Services Block Grant
57. Chafee Foster Care Independence Program
58. Emergency Food and Shelter Program
59. Legal Services Corporation
60. Supplemental Nutrition Assistance Program (SNAP) (employment and training component)
61. Community Service Employment for Older Americans
62. Workforce Investment Act (WIA) Adult Activities
63. Social Services and Targeted Assistance for Refugees
64. Temporary Assistance for Needy Families (TANF)
65. Public Housing
66. Indian Housing Block Grants
67. Section 8 Housing Choice Vouchers
68. Neighborhood Stabilization Program
69. Weatherization Assistance Program
70. Low-Income Home Energy Assistance Program (LIHEAP)
71. Indian Human Services
72. Foster Grandparents
73. Job Corps
74. Grants to States for Low-Income Housing in lieu of Low-Income Housing Credit Allocations
75. Tax Credit Assistance Program
76. Older Americans Act Grants for Supportive Services and Senior Centers
77. Older Americans Act Family Caregiver Program
ENDNOTES

1 The Board’s full set of activities pursuant to P. A. 15-5, Section 485, is as follows:

   (1) Study and monitor (A) the causes and effects of businesses paying low wages to residents of the state, including the impact of such labor practices on workers’ need for public assistance, (B) the minimum wage rates necessary to enable working residents of the state to meet basic needs, such as food, housing, health care and child care without assistance from state-funded public assistance programs, and (C) the benefits received by employers from the provision of public assistance to the state workforce and solutions to associated problems;

   (2) Consider, suggest and review legislative and agency proposals and actions regarding the matters described in subdivisions (1) to (6), inclusive, of subsection (a) of this section;

   (3) Foster communication between working residents of the state who provide or receive public assistance and employers and state agencies for the purpose of improving the quality of state public assistance programs serving lower-income residents; and

   (4) Advise the Labor Commissioner, and other interested state agencies or officials, on policies and procedures related to the board’s areas of study, including, but not limited to, public assistance usage among lower-income working residents, the impact of public assistance programs on workforce quality and stability, and the wages and benefits necessary to maintain a stable and qualified workforce to administer and provide services in connection with public assistance programs.

2 Minutes of Connecticut Low Wage Employer Advisory Board Meeting, April 21, 2016, available at https://www.ctdol.state.ct.us/lweab/minutes/CT%20Low%20Wage%20Employer%20Advisory%20Board%20Meeting.pdf. Although the minutes of the meeting reflect that the Board voted unanimously to focus on the minimum wage in its first report, Board member Michael Seid has since stated that he did not agree with this decision.

3 See Appendix A for a full list of Board members, with identification of those who voted in favor of this report and recommendation.


5 See note 4.


12 Ibid.

13 Ibid.

14 Ibid.

15 ALICE report at page 16.

16 ALICE report at page 19.

17 Ibid.

18 ALICE report at page 20.

19 ALICE report at page 19.

20 Available at http://www.epi.org/resources/budget/.


23 Ibid.


26 Ibid.


31 Federal Reserve study.

32 Fed Reserve study at 7.

33 List of All 80 Federal Welfare Programs, https://singlemotherguide.com/federal-welfare-programs. It is not clear which program was added after the 2012 testimony.

34 Examining the Means-tested Welfare State: 79 Programs and $927 Billion in Annual Spending. Testimony before Committee on the Budget, United States House of Representatives, April 17, 2012, Robert Rector, Senior Research Fellow, Family & Welfare Studies, The Heritage Foundation.


36 For the UC Berkeley report, working families are those that have at least one family member who works 27 or more weeks per year and 10 or more hours per week. There are likely some working families who work less than these thresholds.


38 Note that their analysis used 2011 data and excluded child care assistance paid for directly by TANF without being transferred to CCDF. See Gina Adams, Caroline Heller, Shaune Spaulding, and Teresa Derrick-Mills (October 2014). Child Care Assistance for Parents in Education and Training. Urban Institute. www.urban.org/UploadedPDF/413254-Child-Care-Assistance-for-Parents-in-Education-and-Training.pdf. Data is not available on the number of hours worked; as a result, not all of these families will meet the definition of working families in the UC Berkeley report.


40 The New York State Department of Labor study, “Analysis: Raising New York’s Minimum Wage to $15,” (February 2016) cites the important studies the Board’s majority considers significant in its decision to recommend increasing Connecticut’s minimum wage.


43 Ibid.

44 For example, Draça, et al. (2011) find little evidence of changes in employment and productivity while profits for many firms declined after the national minimum wage was introduced in the UK in 1999. Draça, Mirko, Machin,


Personal communication with Michael Reich, Chair, Center on Wage and Employment Dynamics, Institute for Research on Labor and Employment, University of California at Berkeley [add date].


https://singlemotherguide.com/federal-welfare-programs/#identifier_0_4467. For an unknown reason, this site claims to list 80 programs but it mentions 77 programs. The report mentioned in footnote one includes three programs not mentioned in the singlemotherguide.com list. These are the Economic Development Administration (Dept. of Commerce), Appalachian Regional Development and Empowerment Zones, Enterprise Communities, Renewal Communities.